Infrastructure New Zealand

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Priorities 100 Days Report Card

APRIL 2024

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Ahead of last year's general election, Infrastructure New Zealand released its key focuses on behalf of the infrastructure sector for this term and beyond.

We also signalled our intention revisit these key recommendations following the Government's first 100 days in office, to ascertain what has been achieved and assess whether new directions have been set.

We are now just over the 100-day mark and so have assessed the Government's infrastructure related actions thus far and discuss where there is still work to do. A traffic light system has been used to indicate progress against the priorities.

Green = Good progress, on the right track

Orange = Some progress but more work needed

Red = No or minimal progress and a lot more work needed to get this back on track

We invite you to engage with us on our analysis and feedback into our thinking so that we accurately capture the key priorities for the sector in our continued advocacy to the Government.

Government progress on infrastructure sector's priorities so far this term.

1. Reshaping infrastructure delivery

Before the election, we outlined that the incoming government must both deliver on priority projects and fundamentally reset and lengthen the infrastructure pipeline. The consenting system must be sped up and the funding system improved with early guarantees given to approved projects so they can be progressed quickly. Critically, the Government must improve its performance as a client by ensuring it has the correct skills to negotiate contracts and avoid slowing down decisions through risk aversion and red tape. The consolidation of government's infrastructure advisory and funding functions into a single entity should be supported by a clear problem definition and an understanding of the functional purpose of such a change.

How have things progressed?

The good:

- A stated Budget priority is to develop a long-term, sustainable pipeline of infrastructure investments.
- The fast-track approvals Bill has been introduced to speed up consenting and other approvals for nationally and regionally significant projects. Applications are now open for projects that can be listed in the legislation for referral to an expert panel for fast -track consideration or sent to Ministers to consider referral on enactment of the fast-track Bill.
- The draft Government Policy Statement on land transport (GPS) includes 15 new Roads of National Significance (RONS) and other projects the Government is committed to such as the Additional Waitematā Harbour Connections, Ashburton Bridge, City Rail Link, Eastern Busway completion, Northwest Rapid Transit Corridor and the Airport to Botany Busway.
- Infrastructure Commission has hosted an infrastructure leaders network meet up and is developing the centre of excellence for major infrastructure project management which should support government client skills development.

Early days yet:

- Government is still to fully endorse the existing Infrastructure Pipeline and priority project process. Existing priority projects (other than the new RONS) are still to be progressed. Meanwhile Auckland Light Rail, Let's Get Wellington Moving, and the iRex (Interislander ferry and terminals) project have all been stopped. Reviews are underway into the future of KiwiRail's inter-island ferry services, Kāinga Ora and its social housing programme, and the Ministry of Education's school infrastructure programme.
- A new National Infrastructure Agency has been promised. Work behind the scenes has now commenced to clarify its proposed roles and responsibilities. This is being led by former Infrastructure Minister, Hon Steven Joyce.
- Further tranches of Resource Management Act amendments have been signalled for introduction in May and another Bill is likely to be introduced later this year.
- A long-term solution to replace the Resource Management Act will be developed over this Parliamentary term.

2. Building local delivery capability

We said that city and regional deals should act as a first step towards rebalancing the central-local government relationship so that New Zealand's regions can partner effectively with central government to deliver infrastructure. A component of such deals should be an agreed Spatial Plan by all partners, along with land use decision making responsibilities, transport planning powers and the inclusion of a central government funding vehicle to aid the faster funding, planning and construction of world-class infrastructure for economic growth and better productivity in our cities and regions.

How have things progressed?

The good:

There are 15 new Roads of National Significance located around the motu included in the draft GPS.

The draft GPS includes reference to City and Regional deals and indicates that the New Zealand Transport Agency – Waka Kotahi (NZTA) and the Ministry of Transport (MoT) are to support their development by engaging with the relevant entities, and then deliver on these deals once established.

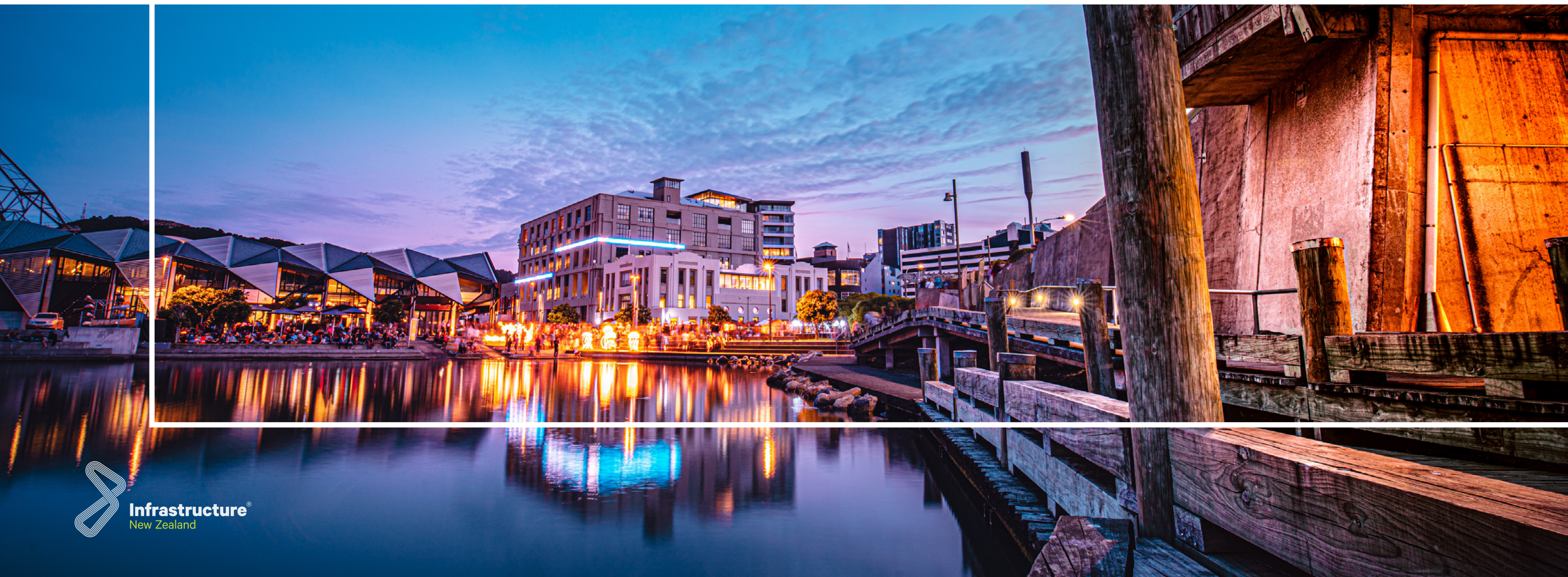
A $1.2 billion new Regional Infrastructure Fund (RIF) has been announced. The RIF will seek to strengthen New Zealand's regions by investing in critical infrastructure, fostering economic opportunities, and ensuring long-term resilience. Details on the criteria for RIF projects are expected post-Budget, and project selection will follow quickly with different approval processes for large and smaller projects. Successful projects are likely to involve a mix of public and private capital.

Early days yet:

City and regional deals were not specifically included in the first or second 100-day action plans. A considered approach appears to be being followed with DIA first leading being the development of a negotiation framework to ensure a consistent approach. However, it is unclear which organisation(s) will be responsible for negotiating and implementing these deals (DIA, Kānoa, MBIE, CIP/ Rau Paega?)

The previous Government's Spatial Planning Act was repealed before Christmas making the goal of all regions having an agreed mandatory spatial plan that much further away now.

Local government funding sustainability has become a more critical issue as they develop their next Long Term Plans and grapple with the need for significant infrastructure investment in water and transport infrastructure among other problem areas.



3. Community and economic partnerships

To deliver infrastructure faster and leverage the full benefit of projects, external partnerships need to be at the heart of a reset approach to infrastructure delivery. Pre-election, we highlighted the need to refine our public private partnership model alongside improving existing funding and financing tools, so New Zealand can enable a larger pipeline of projects to be delivered in addition to what the government is able to support. This funding and pipeline certainty will provide greater certainty and efficiency for the infrastructure sector, allowing it to plan its capacity and capability needs well into the future, better avoiding workforce and expertise shortages.

How have things progressed?

The good:

The draft GPS tasks NZTA and MoT to consider a range of funding options and financing models. The Government expects that Public-Private-Partnerships, and other opportunities to use private expertise and finance, will be considered for all major projects.

Government has stated that it is keen to utilise the private sector to finance and build school infrastructure. However, advancement of this is delayed as we await the completion of the current 'value for money' review of school infrastructure development.

Housing provision is another opportunity to utilise private sector financing and project delivery. Led by Rt Hon Bill English, there is a review of Kāinga Ora to examine its financial situation, procurement, and asset managment which already utilises private sector financing and deliver expertise.

Early days yet:

Road pricing legislation could be introduced this year. MoT and NZTA also need to report back to the Minister within three months of the final GPS on the future of land transport revenue. Funding tools needing to be incorporated into the land transport investment system include tolling, time of use charging, equity finance and value capture.

Specific details relating to more community and economic partnership arrangements are still being developed. There is an opportunity to share international experiences and new financing and delivery models as an input to this work. The new National Infrastructure Agency will take on some of this responsibility and cross-government coordination role.

Pipeline uncertainty remains high due to legislative uncertainty around water reform and the RMA, and the stopping and pausing of existing projects/programmes. This is adversely affecting sector confidence and investment, and workforce development.

4. Legislative certainty

The sector and local government need certainty to be able to plan, fund and deliver infrastructure. We recommended that the Government provide clarity around its intentions regarding water reform replacement legislation as soon as possible. We suggested that reform should focus on establishing a sustainable funding model which can support growth and improve service delivery through greater financial independence between councils and 3-waters assets. This will allow greater long-term borrowing for asset development, renewals, and maintenance. Resource management reform should provide for a fast-track consenting to support infrastructure construction in a more timely and cost-effective manner and retain NBEA and SPA provisions for spatial planning and more consistent national direction.

How have things progressed?

The good:

Previous water reform legislation has been repealed. Cabinet has just agreed the next steps to implement Local Water Done Well. In the first step, transitional legislation is expected to be passed by mid-2024 which will provide a streamlined decision-making process for the establishment of Council Controlled Organisations for water services.

The fast-track approvals Bill has been introduced and is proceeding through Select Committee with an expected report back date of 7 September and enactment before the end of 2024. This follows the repeal of the previous Government's Natural and Built Environment Act and Spatial Planning Act. In the interim, the Covid-19 fast-track consenting process has been continued and the Resource Management Act reinstated.

Early days yet:

A long-term solution to replace the Resource Management Act will be developed over this Parliamentary term.

Further Local Water Done Well legislation is expected to be introduced by December 2024 and passed by mid-2025. Further details will be provided in mid-2024 on the broader range of structural and financing tools which will be available to councils and included in this legislation.

5. Climate resilience and funding clarity

As climate related events increase in frequency, we recommended that the Government develop infrastructure resilience plans for all sectors and establish funding for these, including private funding opportunities. A central body to coordinate recovery and resilience is needed. This could be based on the Queensland Reconstruction Authority to provide clarity recovery funding and centralise lessons from previous disasters to inform resilience planning.

How have things progressed?

The good:

- The Government has stated that it backs the underlying goals of tripling the world's renewable energy and doubling energy efficiency by 2030.

Early days yet:

- While the National Adaptation Plan remains in place, it is unclear how the Government's Climate Change resilience programme will proceed. Issues of funding, especially local government funding remain.
- The Government has indicated that they will rely on the Emissions Trading Scheme as their tool to reduce emissions. Further work is expected on this in the coming months as the Climate Change Commission's advice for the second emissions budget and the monitoring report on progress during the first budget period are delivered.
- No apparent moves yet to consider the establishment of a permanent recovery authority. Cyclone Gabrielle recovery is being locally led, with support from national agencies such as NZTA.

6. Building a workforce to deliver for New Zealand

The Government needs to support capability uplift at all levels of the infrastructure workforce. New Zealand needs a major project leadership academy to improve project governance and lift capability in both the private and public sector. The government should also embed broader outcomes in infrastructure procurement, and fund industry-led vocational education and skills centre initiatives to support upskilling in entry-level roles to support the delivery of projects to addressing or large infrastructure deficit.

How have things progressed?

The good:

- Apprentice Boost Scheme will continue until December 2024

Early days yet:

- Proposed changes to immigration settings including the rollback of residency pathways in the construction industry and the cancellation of some construction rolls on the green list.
- Dissolving of Te Pūkenga signalled but no clear plan currently as to what this involves or how roles and functions will transfer back to regional polytechnics. A replacement plan is expected around mid-2024.
- The Construction Sector's Transformation Plan Programme has now been closed while it has been indicated that the Construction Sector Accord will continue in another form which is yet to be determined.
- Unclear if the six Workforce Development Councils, including Waihanga Ara Rau Construction and Infrastructure Workforce Development Council, will continue or undergo change.

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